

WASHINGTON EARNINGS AND MALE-FEMALE DIFFERENCES IN EARNINGS, 1989-1999

RESEARCH BRIEF NO. 26A

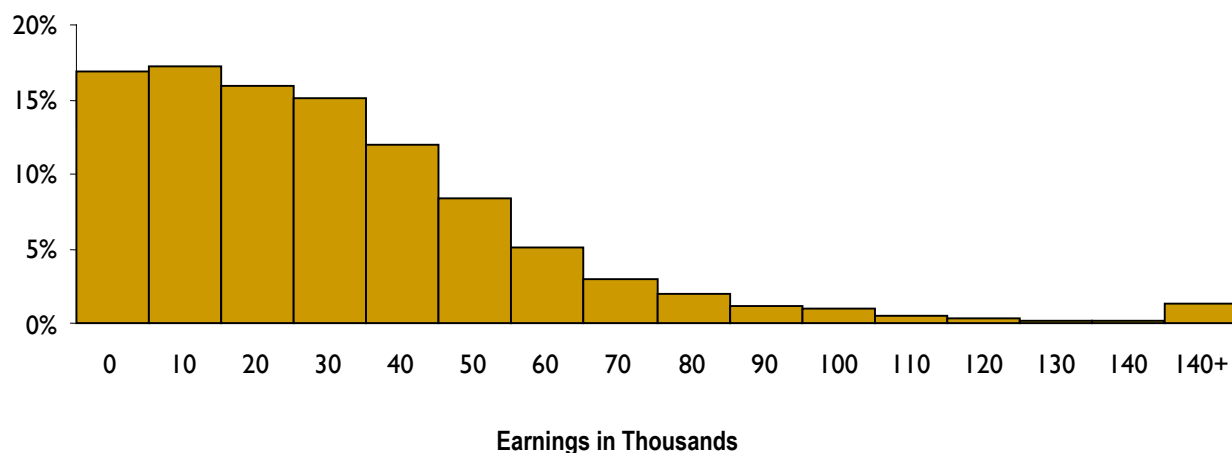
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Total Earnings for Adults Aged 18 to 64 in 1999

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Using data from the 2000 five percent Public Use Microdata Sample (PUMS), total earnings were examined for Washington State residents aged 18 to 64. Earnings include wage, salary, commission, bonus, and tip income from all jobs before deductions and/or net income from self-employment. The distribution of the earnings is shown in Figure 1. At each end of the distribution, one sees that seventeen percent of the population had zero earnings and just over one percent earned over \$140,000.

Figure 1 – Distribution of Total Earnings In Washington State: 1999



Note: Earning data was categorized in \$10,000 increments with the exception of the first and last earning categories (i.e. the \$10,000 earning category includes those earning \$1-\$10,000). The first earning category includes people with zero earnings and a small group of people with negative earnings. The last earning category includes those who earn \$140,001 or more.

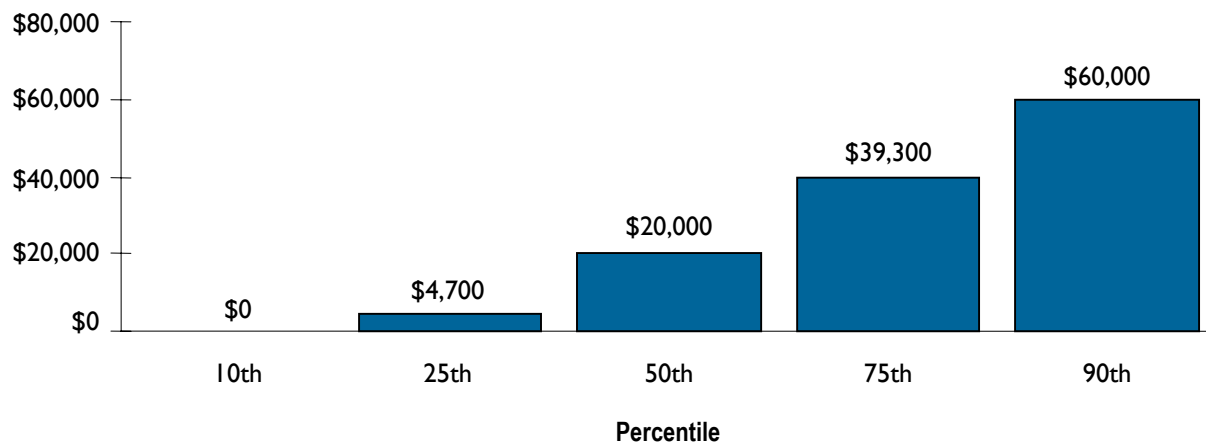
Mean and Percentiles

Washington's earnings varied quite a bit between the top and the bottom of the earning distribution. Those at the 90th percentile earned \$55,300 more than those at the 25th percentile (see Figure 2).

Washington State's mean earnings were \$28,291 in 1999, but half of the population earned less than \$20,000. Seventy-five percent of the population earned \$39,300 or less, and 90 percent of the population had earnings of \$60,000 or less.

Why are Washington's mean earnings higher than the median earnings? Mean earnings are derived from the sum of all earnings divided by the number of people and are very sensitive to high earnings values. In contrast, median earnings are simply the earnings at the middle of the earning distribution and are unaffected by earnings at the upper end of the distribution. High earners, such as workers with stock options in the software industry, drove mean earnings above median earnings in Washington State in 1999.¹

The Washington State data used in this analysis come from the 2000 five percent Public Use Microdata Sample (PUMS). More information on these surveys can be found at the Census website: <http://www.census.gov/main/www/pums.html>.

Figure 2 – Total Earnings In Washington State by Percentile: 1999

¹ In 1999, the software industry had roughly 27,300 workers making up less than one percent of Washington's workforce. That year the software industry reported \$10.3 billion in wages to the Employment Security Department. If one assumes that the real wage of each of these workers was about \$100,000, then about 7.6 billion of these reported wages were a result of stock options. The high earnings of these relatively few workers raised the mean earnings. The full effect of these top earners on mean earnings is minimized somewhat by the fact that the Census top-coded wage and salary earnings at \$336,000 and self-employment earnings at \$245,000. Total earnings are the sum of these two values.